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SUBJECT: COTE D'IVOIRE INTENDS TO KEEP WEST AFRICAN CENTRAL BANK GOVERNORSHIP

Classified By: POL/ECON Jim Wojtasiewicz, reasons 1.4 (B) and (D).

11. (U) The term of Charles Konan Banny, the current governor of the Central Bank of West African States (BCEAO), will expire in December 2005. The BCEAO is the common central bank for the eight West African Economic Monetary Union (WAEMU) countries. The BCEAO governor is appointed by the Council of Ministers (comprised of the finance ministers from the WAEMU countries) for a renewable six-year period. Since 1975, an Ivoirian national has held the governorship.

12. (U) Cote d'Ivoire has no formal entitlement to the governorship. Indeed, the relevant language in the BCEAO statute says that the governor "must be chosen in a manner to call successively to this function a national of each member state of the union." However, Cote d'Ivoire owns 30 percent of BCEAO's reserves, and accounts for some 40 percent of the region's GDP.

13. (U) This time, there appear to be some WAEMU countries that would like the next governor of the bank to be non-Ivoirian. The names that have been publicly floated to succeed Banny include the Ivoirian finance minister and the Ivoirian representative to the African Development Bank, but also the IMF Africa Director, who is from Benin, and the current BCEAO vice governor, who is from Niger. As yet, there is no official proposal to rotate the governorship away from Cote d'Ivoire, only informal communication between heads of states.

14. (U) However, President Gbagbo made clear that Cote d'Ivoire will not give up the BCEAO governorship, when he said at an October 18 commemoration ceremony for former Ivoirian President Houphouet-Boigny, "There are heads of state who wrote me to propose candidates for the post of BCEAO governor; we will not back-off one millimeter as the governor has always been and will be an Ivoirian national."

14. (C) Comment. Even though the non-Ivoirians whose names are being floated are from Benin and Niger, there is speculation here that Senegalese President Wade might be behind this move. Cote d'Ivoire's long political crisis and relentless economic decline have already led to the transfer of many international business operations and personnel to Senegal, and Wade might see prying loose the BCEAO governorship as a logical next step in the decline of this country's economic leadership role in the region. End Comment.

HOOKS